

# Emergency Economic Stabilization Act of 2008

## *An Improved Economic Rescue Plan*

I rejected President Bush's initial request for a \$700 billion blank check, and I insisted from day one that any financial rescue package should not bail out Wall Street, but protect American taxpayers. With all of the party leaders and the Administration at the table, Congress completely overhauled the President's original request and crafted a bipartisan bill that includes strong taxpayer protections and increased oversight.

The Economic Rescue Plan gives the Treasury Department the authority to borrow \$350 billion to purchase troubled assets, which it would sell at a later date. The Treasury Department would be provided an additional \$350 billion, if needed, only after Congressional authorization.

More importantly, the Economic Rescue Plan includes a provision that the Blue Dog Democrats and I championed to recoup possible taxpayer losses. The Blue Dog recoupment provision directs a future President to deliver a plan after five years to recover any potential remaining costs from Wall Street firms, not the taxpayers.

The improved Economic Rescue Plan focuses on the following key themes:

- **REINVEST** in the troubled markets to stabilize our economy and insulate Main Street from Wall Street.
- **REIMBURSE** the taxpayer, requiring a plan to guarantee they will be repaid in full.
- **REFORM** how business is done on Wall Street and increase oversight.

### **Critical improvements were made to the Economic Rescue Plan, including:**

#### **Protection for Taxpayers, Requiring a Plan for Taxpayers to be Repaid in Full**

- Requires Congressional review after the first \$350 billion is disbursed.
- Gives taxpayers a share of the profits of participating companies, or puts taxpayers first in line to recover assets if a company fails.
- Requires a President five years from now to submit a plan to ensure taxpayers are repaid in full, with Wall Street making up any difference.
- Allows the purchase of troubled assets from pension plans, local governments, and small banks.

#### **Limits on Excessive Compensation for CEOs and Executives**

- For companies publicly auctioning over \$300 million:
  - No multi-million dollar golden parachutes for top five executives after auction.
  - No tax deduction for executive compensation over \$500,000.
  - Penalizes golden parachutes for CEOs who are fired or have run the company into the ground.
- For companies from which the government makes direct purchases:
  - No multi-million dollar golden parachutes.
  - Limits CEO compensation that encourages unnecessary risk-taking.

- Recovers bonuses paid to executives who promise gains that turn out to be false or inaccurate.

### **Strong Independent Oversight and Transparency**

- Four separate independent oversight entities or processes to protect the taxpayer:
  - A strong oversight board appointed by bipartisan leaders of Congress.
  - Government Accountability Office oversight and audits at the Treasury Department to ensure strong controls; prevent waste, fraud, and abuse.
  - An independent Inspector General to monitor the Treasury Secretary's decisions.
  - Transparency—requiring online posting of transactions—to jumpstart private sector demand.
- Meaningful judicial review of the Treasury Secretary's actions.

### **Help to Homeowners and Small Businesses**

- Increases from \$100,000 to \$250,000 the amount of bank deposits insured by the FDIC.